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ABSTRACT

Among the causes of the recent breakdown of the business/press relationship is the increasing public and press questioning of business, coupled with the failure of business leaders to explain the benefits of the free enterprise system. This failure, caused largely by the direction of business leaders' energies inward toward their companies rather than outward toward the public, has led to a public mistrust of major companies. Another cause of the poor business/press relationship is the ignorance of many journalists regarding economic matters. Two recent attempts to improve the business/press relationship are the assignment of four knowledgeable CBS News reporters to full-time economic coverage and the establishment by an advertising agency of a course that teaches business executives to handle press interviews. Business leaders can improve their communication with the public by taking time to meet with the press, presenting information effectively, answering questions truthfully, appointing public activists who devote time to dealing with the press, and learning to accept unfair press criticism as part of the cost of doing business. (GW)

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Business and the Press: Who's Doing What to Whom and Why?

Remarks of ARTHUR R. TAYLOR, President, CBS Inc.

FINANCIAL EXECUTIVES INSTITUTE

New Orleans, Louisiana

October 21, 1975

I welcome this opportunity to speak to you this morning on the subject of business and the press. It is a subject that is of increasing importance in these days of great economic stress. Yet it is a relationship that has received too little attention; far less than that between the government and the press.

The business-press relationship has never been a completely smooth one and never will be. And I suppose this is as it should be. For it is the proper function of the press to be critical and aggressive -- to be, as the First Amendment intended, society's ombudsman. But in recent years, this healthy adversarial relationship has, in too many instances, soured into hostility and lack of mutual respect. And as both a businessman and president of a corporation involved in journalism, I fear that this breakdown of the relationship bodes ill for society.

Therefore, I would like to explore some of the reasons behind it, and offer some suggestions to ameliorate it.

The problem, I believe, stems from several changes that our entire society is undergoing. Recent years have seen, as a result of rising educational standards and economic expectations, an increasing questioning of established institutions and established ways of doing things. Government has been questioned, as have religion, education and journalism.

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Much of that heat has been directed at business as well.

At the same time, public interest -- and therefore press interest -- in business as an institution has greatly increased. Consumerism, greater stockholder activism, environmentalists and proponents of equal employment opportunities have helped throw the public spotlight on the factory and on the boardroom. On top of this, recession, inflation and the energy crisis have further increased public interest. When people are out of work, or worried about their jobs, when they cannot afford to buy a house or a car, or obtain heating oil or gasoline at any price, they quite rightly want to know what is causing these difficulties. In a free enterprise system, business is bound to get a good deal of the blame.

As a businessman, I wish I could say that business has reacted to the press with the enterprise and imaginativeness that it usually brings to bear on solving problems of production or inventory. Unfortunately, in far too many cases, it has not. Too often, business leaders who have demonstrated skill and initiative and hard-boiled resolve in running their own companies, shrink from dealing with the press. Nerves of steel seem to melt at the sight of the first television camera. The result has been what I feel to be an inordinate amount of bad publicity for business and a general lack of understanding among the public and press for the purposes and benefits of the free enterprise system. One indication: A recent Louis Harris poll on the leadership of public institutions showed public trust in major companies at an all-time low -- 19 percent. This compared with 43 percent for medicine, 35 percent for television news organizations, 32 percent for religious institutions and 26 percent for the press in general. Only organized labor, at 14 percent, and the Executive Branch of the U. S. govern-

ment, at 13, fared worse than business.

Why should this be? When it seems as if every local PTA, block organization, civic group or candidate for sheriff unabashedly seeks out reporters to explain their positions to the public, why do some of the world's major organizations, with their elaborate public relations operations, fail so miserably?

The crux of the problem, I believe, lies in the sad fact that business and the press have too little mutual respect and too little understanding for each other's vital role within the American system. It is the role of the press to report fairly and objectively on the events around it. It is the role of business to produce and sell goods and services of quality -- hopefully for a legitimate profit. And it is the role and duty of both to serve the public to the best of their abilities. The role of business, in particular, is pathetically misunderstood by the public.

Through its neglect of communication with the public, business has not helped ease the situation. Much of the difficulty comes from the fact that many people in business, particularly senior executives, have worked their way up inside the corporate structure and within the business community, shielded to a great extent from public scrutiny and criticism. They have usually succeeded on the basis of their professional expertise alone. Unlike politicians or public advocates, their professional skills usually tend to be directed inward, toward their companies, rather than outward toward the public. A middle-level corporation executive generally will not have to undergo the same rough-and-tumble give-and-take in the public arena from people who do not understand how business works that his or her counterpart in politics might have to. And when he or she gets to the top, and becomes a

captain of industry, that isolation will be even further enforced by a protective staff.

Too often, one of the ingredients for a young person to rise in the organization is anonymity. Young people learned in the past that if they want to impede their careers, they step forward -- that public exposure early in their career too often is something that can be very damaging to them.

In many big organizations, the competitive factors are so strong that when young people do get some attention, the jealousies that compound around them are very difficult to deal with. So you learn pretty quickly that to stick your head up out of the trench is a dangerous thing.

As a result, too many business executives remain hidden from and fearful of the press. When they do speak to reporters, they often are ignorant of the ground rules, and make unrealistic demands -- such as demanding to review reporters' notes. The upshot is that even the most assiduously fair reporter seldom gets the full business side of a controversy. Too often, the reporter's story leans heavily on facts supplied eagerly by labor unions or consumer activist groups -- simply because they were the only facts available to the press. And that must change. We must look for the people who are willing to move away from anonymity and who are willing to confront the public information process as one of the ingredients of the business leadership of tomorrow.

Journalists, of course, also bear the responsibility for some of the hostility toward business. Reporters can be sloppy and irresponsible and overworked, just like anybody else. Journalists are not perfect, but imperfection is certainly not new to business. We all know of times when

we have had to make business decisions based on less than the 100 percent accurate or complete information that we all would like to have. This may be simply because it is generally impossible to bring so many diverse pieces of information together at the precise time one needs them or because some information is simply not available to us. So we business executives do the best we can, based on the information we have, tempered by our business judgment. Journalists, too, are often faced with the same difficult decisions and the same incomplete facts. And sometimes, their work -- like ours -- is not letter perfect.

Compounding this, many journalists are suspicious of business motives -- just as they are highly suspicious of everyone's motives, as they should be. Reporters tend to be by nature probing, cynical and often antiestablishment. Many are young, and have grown up in the atmosphere of the past decade, which seemed to suggest that those in power were corrupt and selfish. But I must say that their suspicions of business have not been allayed by the revelations of illegal campaign contributions, of bribes of foreign officials or of white-collar dishonesty to which the public has recently been subjected. Nor are they minimized by shoddy or unsafe products. Business's public house has been in disarray too much lately, and this has been reflected in the press.

Businessmen often complain that many reporters are biased against the profit system. Frankly, I do not believe this to be the case. Rather, I think that reporters simply mirror the general public's fundamental lack of understanding and its consequent mistrust of the free enterprise system. For, at present, Americans do not have much confidence in this system. A recent public survey by Hart Associates found 33 percent of those questioned

feeling that the American capitalistic system was in decline, 30 percent stable and only 22 percent believing that it was improving. While some of this lack of confidence is undoubtedly due to recession and inflation, much of it can be pinned on the failure of business to explain to the public the benefits of capitalism and the role of profits in our society.

In fairness, however, I believe that a great deal of the lack of public confidence and understanding toward business also can be blamed on superficial press coverage. Too often, reporters who are generalists are assigned to stories in which they have to explain complicated economic developments. And, too often, they fail.

There are some hopeful signs, in both business and the press, that enlightened individuals are beginning to take steps to alleviate this mutual mistrust and misunderstanding. At CBS News, for example, in an effort to improve coverage of the economy, four reporters have been assigned to full-time economic coverage. All are skilled in economics, and backed up by a research staff of economists. CBS News has also broadened its economic coverage, reporting more facts and attempting to relate them to the overall picture for greater audience understanding. And CBS News is not alone in this; indeed much of the press is making improvements in economic news coverage.

There are some encouraging signs from business, too. More business executives seem to be growing aware that getting their message across to the public is a serious and major part of their jobs. You may have read recently in The Wall Street Journal where one well-known advertising agency is running a successful course, teaching business executives how to handle press interviews. Certainly, this is just as logical as the long-accepted practice of

executives taking courses in public speaking or interpersonal relationships.

There are some other points that business executives might want to consider in improving their communications to the public. First, you cannot hide from the press without hurting public regard for your company and for the free enterprise system. People naturally think that you have something to cover up. Even the President of the United States takes time to talk to the press. You might also remember that you have to play by the reporters' ground rules. You will have to go to them when you have something to say, and respond to their requests for interviews with a sense of urgency -- tomorrow may be too late.

If you want to get your viewpoint across, have supporting facts and figures handy, and be willing to interpret them to a journalist who knows a lot less about your business than you do. You will have to learn to expect difficult and often hostile questions, and learn how to answer them so as to present your side of the story most effectively.

And perhaps most important of all, all business executives will have to continually remind themselves to answer questions truthfully, no matter how painful this may be in the short run. If your company's policies are basically sound and just, and if you are carrying them out in the public interest, this picture of your company will prevail in the press in the long run. Business executives have to be prepared to take their lumps in public, just like politicians and everybody else.

Business must learn to compete in the public arena. And to do so, business needs its own public activists; executives who are willing to work 16 and 18 hours a day, and spend much of that time dealing with the press, just as their counterparts in labor or politics often do.

And finally, business executives will have to grow a thick skin. For even the most dedicated and honest of reporters can get his or her facts mixed up, or misquote you, or be swayed by your adversaries. And if, after all the combat and all your best efforts and all the rough treatment you receive, you can say at the end of the week that, perhaps you came out of it with 51 percent favorable press coverage and only 49 percent unfavorable, then you will have accomplished a great deal.

Like many of you, I have felt the sting of unfair press criticism and I have not liked it. But I have tried to accept it as part of the cost of doing business.

For even with good faith efforts on both sides, there will be difficult times ahead. The boundaries of economic and financial journalism will surely expand. Until inflation abates and recession ends, Americans will demand more economic news. As both private and public institutions compete for capital, the public's eye will be focused closely on the financial world. Citizens' movements will grow and continue their pressure for change. And as the world of scarcity becomes a daily reality to more and more people, they will increasingly view the corporation as an entity that must be held accountable to the public. Under such conditions, business executives' neglect of public communication will continue to hinder them.

As society changes, so must business. Business did not like to contend with government regulation at first, but it has learned to do it. Business did not like collective bargaining at first, but it has learned to live with it. Now it must learn to accept greater public scrutiny, and that includes the press.

The modern corporation is one of the few remaining institutions which

works; which can set objectives and pursue their implementation in an orderly and efficient manner. It is time that we turned those talents to the long-neglected tasks of public communication.